**NATIONAL ASSEMBLY:**

**QUESTION FOR WRITTEN REPLY:**

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**Mr M S F de Freitas (DA) to ask the Minister of Tourism:**

(1) (a) What amount was (i) budgeted and (ii) actually received with regard to the grading fees in each (i) province and (ii) of the past three financial years;

(2) what (a) were the reasons for the discrepancies in each case and (b) steps have been taken so that the discrepancies are not repeated in future? NW4114E

**REPLY:**

Grading fees charged by TGCSA is determined by three (3) variables namely the number of units the establishment has, the category of the establishment and the average room rate. The National Grading system is a voluntary scheme and membership is reliant on members’ intention to be graded. Targets are based on the South African Tourism Annual Performance targets.

1. (a)(i)-(ii) The target for number of graded establishments for the period with accompanying budget and revenue is below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  **Year** | **TGCSA Budget** | **TGCSA Revenue Received** | **Target Graded Establishments** | **Actual Graded Establishments** | **Variance** | **Reason for Variance** |
| **2019/20** | R 58 M | R 23 M | 6229 | 5 173 | -1 056 | High Cancellation Rate |
| **2020/21** | R 61 M | R 18 M | N/A(Due to Covid-19 pandemic) | 5 034 | 5 034 | No target set due to the Covid-19 pandemic |
| **2021/22** | R64 M | R 15 M | 5250 | 4 707 | -543 | Limited establishments open due to Covid-19 |

The percentage breakdown of establishments per province is reflected below for 2019-20; 2020-21 and Year-to-date (YTD) 2021-22:

(a) (i) and (ii) The percentage breakdown of establishments per province is reflected below for 2019-20; 2020-21 and Year-to-date (YTD) 2021-22:

|  |  |  |  |
| --- | --- | --- | --- |
| **Province** | **2019-20** | **2020-21** | **YTD 2021-22** |
| Eastern Cape  | 12% | 13% | 13% |
| Free State  | 3% | 3% | 3% |
| Gauteng  | 22% | 21% | 23% |
| KwaZulu Natal  | 13% | 13% | 13% |
| Limpopo  | 7% | 7% | 7% |
| Mpumalanga  | 7% | 8% | 7% |
| North West  | 5% | 5% | 5% |
| Northern Cape  | 3% | 3% | 3% |
| Western Cape  | 29% | 27% | 26% |

**(2) (a) and (b)**

2020 – 2021 have been impacted by the Covid-19 pandemic as many establishments suspended trading or closed permanently. Fiscal 2022/23 has seen a return to business and many establishments re-joining TGCSA star grading system. Quality Assurance is key to the tourism sectors success, therefore TGCSA is currently reviewing the post-pandemic consumer requirements and key tourism sector changes to assess the impact of sector change on the TGCSA grading criteria. Many interventions such as workshops, training and the implementation of the Tourism Grading Supporting Program are in progress. Fiscal 2022/23 is on track for the achievement of its current targets of 5 355 Graded establishments for the fiscal.